

1 UNITED STATES BANKRUPTCY COURT
2 EASTERN DISTRICT OF TEXAS
3 . Chapter 11
4 IN RE: .
5 . Case No. 24-60504
6 ERIC RALLS, .
7 .
8 Debtor. .
9 . October 9, 2024
10
11
12 TRANSCRIPT OF 341 MEETINGS OF CREDITORS
13 BEFORE TRUSTEE MARCUS SALITORE
14 UNITED STATES BANKRUPTCY TRUSTEE
15
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1 other contracts of any type between Earth.com, Earthsnap and
2 DEM? I think in the corporate agreements when they were set up,
3 there were some things that were specified, but I can't recall.
4 But there's not anything separate between the two other than
5 whatever the lawyers create when they create the entities and
6 the shareholder agreements. Other than those created at
7 inception agreements, what I would call ownership agreements or
8 operating agreements, you're not aware of any other contracts
9 between or among DEM, Earthsnap and Earth.com? No.

10

11 They've always just operated as brother-sister entities. And
12 despite the entwined nature between Earthsnap and Earth.com,
13 there is no contract or separate agreement between those two
14 separate entities. Is that right? Well, I think there might be
15 some stipulations in the initial setup agreements that the two
16 share data and information.

17

18 It's been that way since inception. That's why we set it up as
19 DEM, the holding company, because there is so much intertwined
20 between the two companies. I'm going to switch now and ask
21 about Metaversal Knowledge.

22

23 Does Metaversal Knowledge have a contract with DEM? No. Is that
24 neither written nor verbal contract, as in neither a written or
25 unwritten contract between Metaversal and DEM? Well, the verbal

1 contract would be with me, because I would be the one who had
2 done it. Any verbal contract with DEM, since I'm operating it,
3 would be done with myself.

4

5 Understood. Is there such a verbal contract between DEM and
6 Metaversal Knowledge? Yes, Metaversal Knowledge handles the
7 management of both Earth.com and Earthsnap. So, is there a
8 written or unwritten contract between Metaversal Knowledge and
9 Earth.com or Earthsnap, or is that contract only with DEM?

10 Well, the contract is with all three entities.

11

12 It's nothing written. There's no written contract. Understood.

13

14 So, you would consider that contract for Metaversal's
15 management services to be with DEM, Earthsnap, and Earth.com.

16 Is that right? Yes, because Metaversal works with all three
17 under the same capacity. And what are the terms of that
18 contract, as much as you know them right now? Metaversal hires
19 contractors to do the work that's required to operate Earth.com
20 and Earthsnap. Are there any other terms to that agreement
21 other than Metaversal's agreement to hire and provide services
22 to those three entities? I mean, yeah, it just manages and does
23 everything that runs both the entities and makes sure that
24 content, coding, writers, editors, sales agreements, all of it.

25

1 What compensation is Metaversal entitled to as a result under
2 this agreement? Metaversal is not looking to make a profit.
3 That's not the goal. The goal is to make it easier to manage
4 two separate entities that share content and services.

5

6 Understood. So, there's no agreement between Metaversal
7 Knowledge and DEM, Earthsnap, or Earth.com in which Metaversal
8 is compensated for anything other than its expenses in this
9 service provision arrangement? That's correct. Metaversal's not
10 trying to go and make a profit or be sold to anyone.

11

12 The only objective of Metaversal is to build Earth.com and
13 Earthsnap into the best companies that they can become. Are you
14 paid by Metaversal via wages as an employee or just as an owner
15 or both, if you will? There's no employees with Metaversal. So,
16 you provide, including with yourself, you provide contract
17 labor to Metaversal? I do.

18

19 It's my only job. And what is your compensation in exchange for
20 that job? I think it's listed. I know it's listed on my
21 bankruptcy filing.

22

23 I have on one of your bankruptcy filings, it looks like you
24 claim compensation of \$7,000 a month. Is that correct? That
25 would be on average. Sometimes I'm not able to earn that much

1 in a month, in the previous month at least.

2

3 So, where you've listed \$7,000, and I'm talking about docket
4 14, page 18 of the PDF, your bankruptcy schedules, where you've
5 mentioned \$7,000 there as sort of a monthly average, that would
6 be, that \$7,000 is money that you're indicating would be coming
7 exclusively from Metaversal Knowledge. Is that correct? That is
8 correct. How does Metaversal Knowledge pay you? Does it issue a
9 paycheck or write checks to you? No, right now it's a
10 pass-through-S corporation.

11

12 I understand that for tax purposes it's a pass-through-S
13 corporation. What does that mean with respect to issuing you
14 payment or writing checks to you? I don't have a bank account
15 personally. I see.

16

17 So, as a pass-through-tax entity, you sort of use the money
18 from its account rather than actually going through the
19 exercise of writing checks to yourself or withdrawing cash to
20 yourself and putting it elsewhere. Is that right? That is
21 correct. It started that way back when my account was closed
22 along with the other accounts because of all the subpoenas
23 through the bank records from the lawsuit.

24

25 How do you determine in any given month how much to pay

1 Metaversal Knowledge Inc., and Digital Earth Media Inc. Is that
2 correct? Yes, as of the time of the filing.

3

4 Since then, I have, as I mentioned earlier, started a new LLP
5 in Texas called Green Mind. Right. Financial statements given
6 in the last 12 months, you say that you gave a financial
7 statement to Jeffrey Brennan in April of 2023.

8

9 Any other financial statements that you provided to anyone in
10 the last two years? Not that I recall, no. Going back to your
11 amended schedules, have you owned a house or any real estate in
12 the last four years? No. Have any of the businesses that you've
13 owned or had an interest in owned a house or any real estate in
14 the last four years? No.

15

16 The income that you referenced earlier, that for Digital Earth
17 Media, you said it had collected roughly \$750,000 and about 80%
18 of that was transferred to Metaversal. Is that accurate? Yes,
19 ma'am. I don't know specific numbers.

20

21 I don't have that in front of me, but that's a good estimate.
22 Okay. And so there's about \$450,000 based on the 1.2 gross
23 figure of earned income, the collected of \$750,000.

24

25 What is a typical payment on a receivable? It's like that

1 \$450,000. When do you expect that to be paid? We earned
2 \$275,000 in revenue in September. We've earned \$120,000 so far
3 in October.

4
5 We did \$90,000 in August. So August revenue would be received
6 this month. September revenue would be received in November and
7 December.

8
9 And October revenue will be received in December and January.
10 So is it fair to say that the receivables are generally
11 collected between 60 and 90 days? It's usually 30 to 60 days
12 net, which is 30 days after the end of each month. Revenue
13 numbers are reconciled and then paid either 30 or 60 days after
14 the end of the month.

15
16 They call it 30 days net or 60 days net. All right. I don't
17 have any other questions at this time.

18
19 Thank you. Thank you, Ms. Arceda. Mr. Wiley, before we conclude
20 the first meeting of creditors, I would note once again for the
21 record that you have not filed an employment application in the
22 case and would ask you to do so.

23
24 It has been filed. It has been filed. I think that the problem
25 is that we have a joint administration motion pending and the